

Expansion helps ease arsenic cost

PHOENIX - Mountain Glen Water Company today serves fewer than 300 customers in an area northwest of Show Low in Navajo County. Mountain Glen serves the communities of Pinedale, Linden and Clay Springs. Under a "worst case scenario" Mountain Glen customers could have faced a monthly surcharge of \$22.66 per customer per month to fund \$786,000 of new equipment that would be necessary to treat the water to meet the new federal arsenic standard.

But through a unanimous decision by the Arizona Corporation Commission the company has been allowed to expand its service territory. In doing so, it may be able to sink a new well in an area with very low concentrations of arsenic at a cost of under \$40,000. Water from that well could be pumped to the existing customers or blended with water from other wells to meet the reduced federal arsenic limit.

"This decision gives us the potential to solve the problem with a \$40,000 investment versus spending as much as \$786,000 and saddling each and every customer with a \$22 monthly surcharge," Commissioner Jeff Hatch-Miller said. "A well in the new service area has a significantly lower arsenic content - only two parts per billion - one-fifth the level allowed under the lower federal arsenic standard that takes effect in January 2006."

"Everyone wants clean, safe water to drink," Commissioner Kris Mayes acknowledged. "but we can't burden ratepayers with these horrendous costs if other effective alternatives can be explored."

"We are optimistic that this could solve all or a significant part of the arsenic problem in the Mountain Glen service area," Commission Chairman Marc

Spitzer said. "This Commission has supported the orderly growth of small water companies as opposed to the isolated formation of marginally-viable stand alone systems. The opportunity to spread maintenance, treatment and capital costs over a larger base of customers generally means lower water rates. The fact that this may solve the arsenic issue for Mountain Glen's existing customers just sweetened the deal for me."

In 2001, the U.S. Environmental Protection Agency (EPA) announced its decision to lower the arsenic content in drinking water from 50 parts per billion to 10 parts per billion by January 23, 2006. While the new standard affects every public water system in the nation, Arizona is among the states with the most severe arsenic problems. Meeting the stricter EPA standard will be difficult for Arizona water companies because arsenic is a natural component of the soil in many parts of the state. Arsenic enters into groundwater as water seeps through the soil into the water table. For many rural Arizona communities, groundwater is the primary source of drinking water.

The Arizona Corporation Commission's Utilities Division has been holding seminars and sending staff members to meet with companies affected by the new arsenic standard. The staff is encouraging companies to file for low-interest loans through Arizona's Water Infrastructure Financing Authority (WIFA) and prepare for meeting the new, mandatory standard.

For more information on the arsenic issue, visit the Hot Topics section of the Utilities Division website at <http://www.cc.state.az.us/utility/water/index.htm>.